GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1498
ANSWERED ON:03.03.2006
STATUTORY AU TOR IN BANKS
Singh Shri Chandra Bhushan

Will the Minister of FINANCE be pleased to state:

(a) whether the Government proposes to constitute a Board and a Central Statutory Auditor (CSA) in all the banks;

(b) if so, the details thereof;

(c) whether the Government proposes to keep banks out of the purview of central vigilance keeping in view the risk involved in the day-to-day working of the banks; and

(d) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) & (b) The general superintendence, direction and management of the affairs and business of a Nationalised Bank vests in a Board of Directors in terms of Section 7 (2) of the Banking Companies (Acquisition and Transfer cf Undertakings) Act, 1970/80. The Board of Directors is constituted by the Central Govt. under Section 9(3) of the Act read with Clause 3 of the Nationalised Banks (Management & Miscellaneous Provisions) Scheme 1970/80. Statutory Central Auditors hi the Nationalised Banks are appointed with the prior approval of RBI in terms of Section 10(1) of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970/80.

(c) & (d) With a view to provide a conducive environment to the officers of Public Sector Banks to take quick and efficient credit decisions, Govt. requested the Central Vigilance Commission (CVC) to consider reviewing its jurisdiction over Scale V officers of Public Sector Banks. CVC has not agreed to the proposal.